Saint Paul Planning Commission City Hall Conference Center 15 Kellogg Boulevard West

Minutes April 10, 2009

A meeting of the Planning Commission of the City of Saint Paul was held Friday, April 10, 2009, at 8:30 a.m. in the Conference Center of City Hall.

Commissioners Mmes. Donnelly-Cohen, Morton; Smitten, Thao, and

Present: Messrs. Alton, Barrera, Bellus, Commers, Goodlow, Johnson, Kramer, Nelson,

Schertler, and Ward.

*Spaulding.

Absent:

*Excused

Also Present: Donna Drummond, Interim Planning Administrator; Tom Beach, Department of

Safety and Inspections; Sheri Pemberton-Hoiby, Michelle Vojacek, Natalie Fedie, Patricia James, Anton Jerve, Emily Goodman, and Sonja Butler,

Department of Planning and Economic Development staff.

I. Approval of minutes March 27, 2009.

<u>MOTION</u>: Commissioner Donnelly-Cohen moved approval of the minutes of March 27, 2009. Commissioner Ward seconded the motion. The motion carried unanimously on a voice vote.

II. Chair's Announcements

Chair Alton announced that the Planning Commission has been invited to the Great River Gathering Dinner sponsored by the Riverfront Corporation on May 14, 2009. A sign up sheet will be passed around and the cost is \$60.00 per person. Chair Alton encouraged commissioners to attend, reminding them that in past years the Planning Commission has always had a table.

III. Planning Administrator's Announcements

Donna Drummond reported on planning-related business at the City Council saying that on Wednesday there was approval of a resolution regarding the budget for the Department of Safety and Inspections (DSI). With building activity and permits down, DSI had to present a revised 2009 budget plan, which resulted in the reduction of fourteen positions. Two of those positions are Heritage Preservation staff who will be moving to the Department of Planning & Economic Development.

IV. <u>Saint Paul Housing Programs Update</u> – Neighborhood Stabilization Program, Mortgage Foreclosure Counseling, and New Marketing Efforts. Presentation by Sheri Pemberton-Hoiby, Michelle Vojacek, and Natalie Fedie, PED staff. (Sheri Pemberton-Hoiby, 651/266-6615,

Michelle Vojacek, 651/266-6599, and Natalie Fedie, 651/266-6549)

Michelle Vojacek gave a power point presentation on PED's Mortgage Foreclosure Prevention Program which is a huge effort underway to mitigate residential and commercial foreclosure in Saint Paul. Ms. Vojacek supervises the intervention/prevention staff. Their goal is to reach out to residents in distress with their mortgages and also work on mitigation efforts to minimize foreclosures. She presented several maps that showed areas with the highest risk for foreclosures and the 2007 and 2008 numbers of foreclosures. Commercial, industrial and apartment building foreclosure numbers have also tripled in the last three years. In addition to residential foreclosures, PED's economic development staff is working on trying to develop a Business Resource Center to assist those commercial businesses that might have issues.

Commissioner Goodlow said that churches are starting to struggle, and are they considered commercial or where are they captured?

Ms. Vojacek said they are not captured in these numbers. All of PED's funding sources are for residential only, so when families are struggling, religious organizations are also struggling because the families do not have the money for tithing and giving.

Commissioner Smitten said that she read or heard somewhere that there is a different type of mortgage now that we are going to be seeing people defaulting on. Are we looking at what the projection is and how that will affect Saint Paul?

Ms. Vojacek said that is being looked at and explained that Alt. A mortgages are held by people who did not necessarily have bad credit, but they bought homes they could not afford in anticipation of having an increased income. As a result Alt. A mortgages have a higher interest rate and less favorable terms and a lot of those loans were made in neighborhoods where the housing prices were increasing, such as in the western part of the city. It is anticipated that in 2010 or 2011 defaults will start hitting that part of the community really hard.

Chair Alton asked for more detail about what the various programs are able to do for home owners.

Ms. Vojacek said that people call in and get counseling, a credit report, and very detailed budgeting help. Then staff negotiates with the lender to get a loan modification. Staff makes sure that they get the modification or forbearance agreements and that they are signed and returned, and that the owners continue to work with the lender. Staff follows up with the home owners making sure they are meeting the requirements.

Sheri Pemberton-Hoiby, PED staff gave a power point presentation about the Neighborhood Stabilization Program, which consists of two parts. One part is a direct financial allocation to the entitlement cities, including Saint Paul, and the other part is an allocation to the State of Minnesota, which provides additional funding to cities. Both the contract with the state and the one directly with the city take affect March 20, 2009. The funding can be used for acquisition, demolition, and rehabilitation of residential properties.

Ms. Pemberton-Hoiby gave a brief overview of the Neighborhood Stabilization Program requirements. She also suggested that she come back at a future time to talk with the Planning Commission about hard hit neighborhoods where there are lots of vacant buildings, and strategies

for creating assets that will entice people to come back into those neighborhoods.

Chair Alton inquired as to whether they are having a difficult time identifying buyers, whether potential home owners or developers.

Ms. Pemberton-Hoiby said Natalie Fedie will be talking about that, including new efforts such as the Heroes Program. But a problem they are finding is that lenders won't loan in some areas of town. The only buyers they have had, beside those who can get a Fannie Mae loan, are those who buy under Contract for Deed or through the Neighborhood Housing Services Association. People are also very hesitant to buy a home; they are more concerned about whether they are going to have a job.

Commissioner Ward asked what is happening to the displaced families, the families that show up at shelters for emergency housing. These are people who have been working, have a job, have income, have gone through foreclosure, and they are a credit risk. What is happening to help those families get into some type of housing?

Ms. Pemberton-Hoiby said there is the Contract for Deed Program, which serves people who have had foreclosed houses, had a healthcare issue, or have a student loan issue and they can correct them over time. We are working to move them into houses through the Sustainable Homeownership Program or Bridge to Success. There is not one approach to any of this; it is a variety of approaches and new thoughts. So if Planning Commissioners have ideas they should bring them forward. Regarding commercial apartment complexes, owners did go out and refinance during the boom years when properties were at high values. Commercial real estate often has a five to ten year mortgage and those mortgages are coming due for refinancing or payoff, but the owners are unable to get any financing because the property value has declined. The good news is that this is an opportunity, an opportunity to rebuild our neighborhoods. It is a long term opportunity that gives us time to plan, which is what we need.

Natalie Fedie is the marketing manager for PED. Ms. Fedie is working on communicating the types of programs that are available to help people and get new buyers into neighborhoods. She provided a sneak preview of a new web site called "Live MSP" or www.livemsp.org. The site is still under construction, and it should go public on April 23rd. This web site is a partnership between the Family Housing Fund, the City of Minneapolis and the City of Saint Paul. There is a need for people to have one place to go to find out what types of incentives are available in both cities and to find out more about the cities' neighborhoods. The goal of the site is to sell homes. Ms. Fedie also referred to another site called realtor.com which has a search mechanism to find homes are for sale in neighborhoods you are interested in. She gave an example of how to use the site.

In a few weeks two more initiatives are going to be launched for first-time home buyers. The first one is called Take Credit, and that is under the City Living Program. The program allows owners to take a 20% tax credit on the amount of interest paid on a mortgage over a year. The credit is available every year that the owner lives in the home with the same mortgage. In addition, the City of Saint Paul has created a companion program called the Saint Paul Heroes program. It offers an additional \$15,000 loan that can be applied directly to the mortgage or help with down payment assistance. The Heroes program is for people who are active in the military, military reserve or are veterans, fire fighters, emergency medical technicians, paramedics, health care workers, police officers, teachers and public employees. This incentive has to be used in

connection with the Take Credit Program.

The last thing Ms. Fedie mentioned was the Home Tour event. This is the Home Tour's 22nd year. Unlike the Parade of Homes, the Home Tour consists of actual home owners who live in their homes and want to promote their neighborhoods. Home Tour brochures were distributed.

Commissioner Barrera asked if the Take Home Credit program is a Mortgage Certificate Credit.

Ms. Fedie said they are two separate programs that can be used together.

Commissioner Ward asked if the Take Credit Program is retroactive to last year. Last year there was a \$7,500 credit that you can still take up until August.

Ms. Fedie said the Federal Program is retroactive, and the new \$8,000 credit program is for the 2008 tax year. The Take Credit Program that is being launched currently is for this year and continually every year that the owner remains in the home.

Ms. Vojacek wanted to clarify the definition of a first-time home buyer. A first-time home buyer does not mean that someone can't have owned a home before. A first-time home buyer is someone who has not owned a home that they have lived in for the past three years.

V. Zoning Committee

NEW BUSINESS

#09-039-420 Western Bank – Rezoning from B2 (Community Business) to RM2 (Medium-Density, Multiple-Family Residential). 400 Western Avenue North between Fuller and St. Anthony. (*Emily Goodman*, 651/266-6551)

<u>MOTION</u>: Commissioner Kramer moved the Zoning Committee's recommendation to approve the rezoning. The motion carried unanimously on a voice vote.

#09-039-764 Sunlight Investments, Inc. – Conditional Use Permit for a 36 unit assisted living facility, with modification of the side and rear setback conditions. 400 Western Avenue North, between Fuller and St. Anthony. (*Emily Goodman*, 651/266-6551)

<u>MOTION</u>: Commissioner Kramer moved the Zoning Committee's recommendation to approve the conditional use permit subject to additional conditions. The motion carried unanimously on a voice vote.

#09-041-108 Capitol Car Co. – Enlargement of nonconforming use for a new, larger building for motor vehicle salvage, auto repair, auto body repair, and outdoor auto sales businesses. 388 Como Avenue, SW corner at Western Avenue. (*Josh Williams*, 651/266-6659)

Commissioner Kramer reported that the Zoning Committee laid this case over to the April 16, 2009 meeting.

#09-043-100 Manuel Barrera – Conditional Use Permit for auto repair station with modification of the lot area and set back from residential. (*Anton Jerve*, 651/266-6567)

<u>MOTION</u>: Commissioner Kramer moved the Zoning Committee's recommendation to approve the conditional use permit subject to additional conditions. The motion carried unanimously on a voice vote.

#09-041-686 Palace 1168 SF home-design review – Design review for a new single-family home. 1168 Palace Avenue. (*Tom Beach*, 651/266-9086)

In response to a question from Commissioner Schertler, Commissioner Kramer reported that the staff person changed his recommendation to approve after additional information and review.

Tom Beach, DSI staff, explained that he originally questioned whether the house met the design standard regarding consistency with the scale and character of the neighborhood. After further staff discussion, the consensus was that the word "should" in the ordinance is advisory, not mandatory, and the Zoning Committee found that the design met all the standards.

Commissioner Schertler expressed hope that the permanent standards are clear.

<u>MOTION</u>: Commissioner Kramer moved the Zoning Committee's recommendation to approve the design for a new single-family home. The motion carried unanimously on a voice vote.

VI. Comprehensive Planning Committee

Chair Donnelly-Cohen announced that at the Committee's last meeting they discussed whether to recertify or decertify some of the small area plans. A recommendation will be coming to the Planning Commission.

VII. Neighborhood Planning Committee

No report.

VIII. Communications Committee

No report.

IX. Task Force Reports

No report.

X. Old Business

None.

XI. New Business

None.

XII. Adjournment

Meeting adjourned at 9:58 a.m.

Recorded by Angela Simons and prepared by Sonja Butler, Planning Commission Secretary Planning and Economic Development Department, City of Saint Paul

Respectfully submitted,	Approved
	(Date)
Donna Drummond	Marilyn Porter
Interim Planning Administrator	Secretary of the Planning Commission